Congress of the United States
Washington, DC 20515

March 24, 2020

The Honorable Randal K. Quarles
Vice Chair for Supervision
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

The Honorable Jelena McWilliams
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

The Honorable Joseph M. Otting
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, S.W.
Washington, D.C. 20219

Dear Vice Chair Quarles, Chairman McWilliams, and Comptroller Otting:

On March 13, 2020, President Trump declared the COVID-19 outbreak in the United States a National Emergency. Financial institutions are well positioned to stimulate and sustain critical economic activity with access to credit to struggling small businesses, families, and individuals, but more can be done to mitigate the economic impact of the COVID-19 outbreak in our communities.

Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRCCPA) directs the agencies to set a Community Bank Leverage Ratio (CBLR) between 8 and 10 percent. The CBLR offers relief from overly complex capital rules for qualifying community banks with assets of less than $10 billion that maintain a minimum ratio of tangible equity capital to average total consolidated assets. Banks that exceed the CBLR are deemed "well capitalized", and exempt from complex risk-based capital requirements, including Basel III, which are intended for the largest and most complex institutions.

The interagency proposal for the CBLR is currently set for 9 percent, which cuts short the potential to provide needed lending to consumers and businesses. Additionally, a 9 percent leverage ratio is well above the current leverage ratio requirement for well-capitalized banks. A CBLR of 8 percent would draw in some 400 additional community banks and support credit in the thousands more communities across the country.

That is why we believe a CBLR of 8 percent would be more than adequate to ensure community banks benefit from capital simplification while retaining enough high-quality equity capital to sustain and increase credit flows for vulnerable small businesses.

We strongly urge you to use the full measure of discretion afforded by Congress to maximize capital simplification and regulatory relief for the greatest number of community banks consistent with the safety and soundness of our banking system. The impact of your choices will extend to community financial institutions and the millions of businesses and consumers they serve.

Thank you for your attention to this matter.

Sincerely,

Denver Riggleman
Member of Congress

Scott Tipton
Member of Congress

Bill Huizenga
Member of Congress

Barry Loudermilk
Member of Congress

Ann Wagner
Member of Congress

John Rose
Member of Congress

Frank Lucas
Member of Congress

Blaine Luetkemeyer
Member of Congress

David Kustoff
Member of Congress